

VAPSTAT Forum



November 26, 2013

Agenda

5:00-5:20

- Welcome
- VAPStat Key Performance Indicators

5:20-5:50

- Highlights from the RKG Presentation

5:50-6:05

- Louisville Metro Government's Response to the RKG Report and Recommendations

6:05-6:30

- Audience Questions and Response
- Mayor's Closing Remarks



*~ Please submit **VAPSTAT** feedback form on back page of ~ presentation at end of meeting*

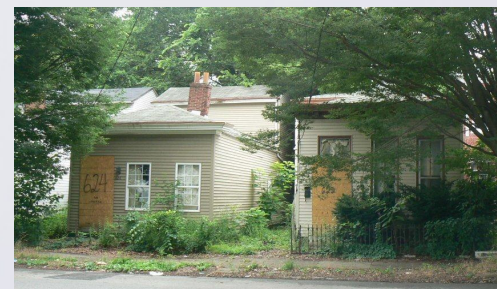
VAPStat

Key Performance Indicators



VAPStat High Level Indicators

These High Level Indicators represent important statistics about the environment of vacant and abandoned properties in Louisville.



KPI	Last VAPStat	October 2013
Vacant Properties (identified by Code Enforcement Officers as vacant)	6,020 vacant properties (4,841 structures, 1,179 lots)	6,248 vacant properties (4,961 structures, 1,287 lots)
Properties with Inactive Water Service for 3 or More Months	8,159 total properties (6,449 residential)	8,290 total properties (6,580 residential)
Abandoned Properties (identified by Code Enforcement Officers as vacant for at least one year and Metro abatement work was performed within the same timeframe)	1,100 properties	1,887 abandoned properties

On-Track VAPStat KPI's

The KPIs listed here are on track with their desired performance.



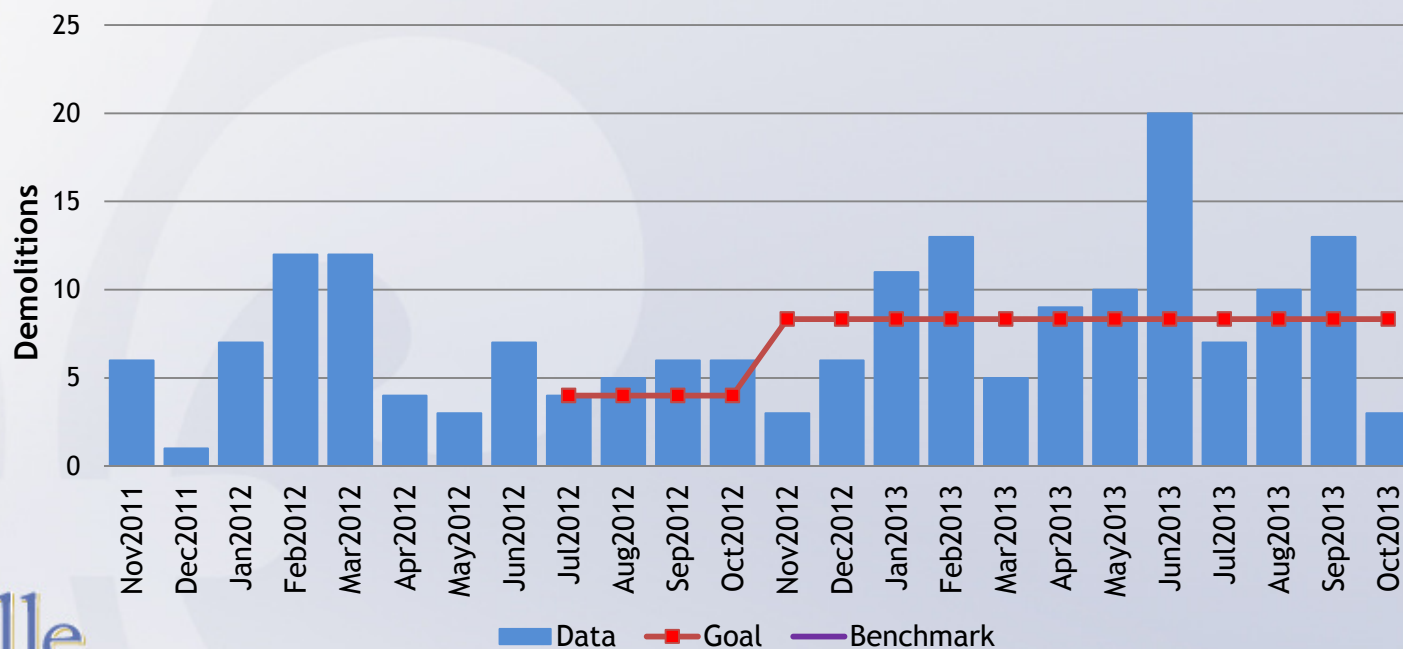
KPI	October 2013 Performance	October 2013 Goal	
Metro Foreclosures	11 foreclosures initiated	8 foreclosures initiated	
Payment/ Collections from Fines, Abatement Cost & Liens	\$220,645	\$200,000	
Boarding & Cleaning Requests Resolved	748 cases closed	610 cases closed	
Boarding & Cleaning Monthly Backlog	572 open cases	600 open cases	

Off-Track VAPStat KPI's

The KPIs listed here are not on track with their desired performance.



KPI	October 2013 Performance	October 2013 Goal	
Metro Demolitions	3 demolitions	8 demolitions	

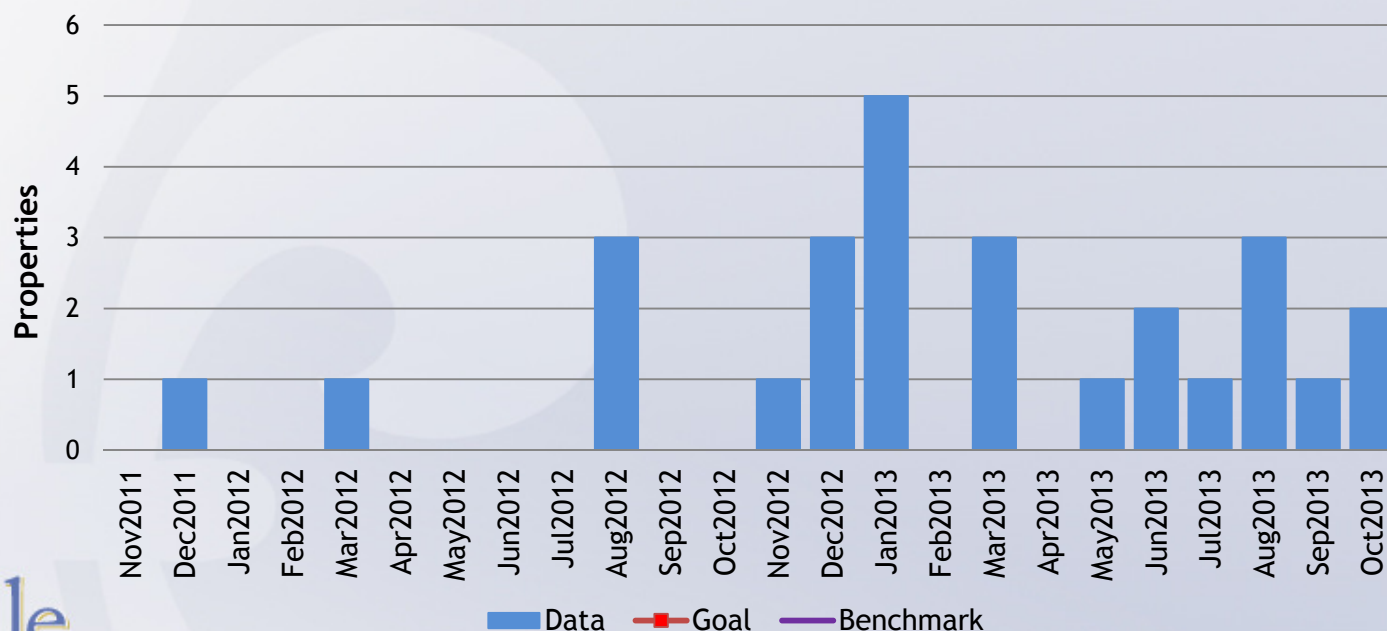


VAPStat KPI's With No Goal

The KPIs listed here do not have a goal currently. Following research on benchmarking peer cities, a goal will be assigned.



KPI	October 2013 Performance	October 2013 Goal
Properties Acquired to the Landbank	2 properties	TBD

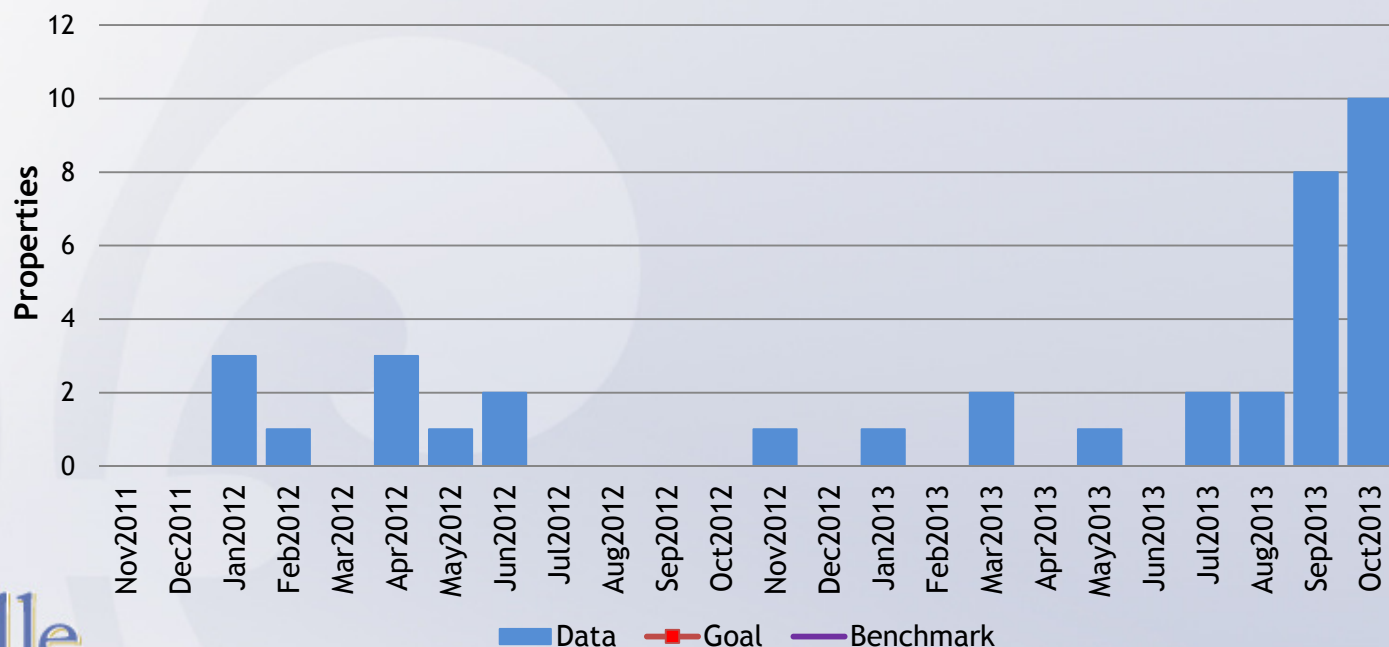


VAPStat KPI's With No Goal

The KPIs listed here do not have a goal currently. Following research on benchmarking peer cities, a goal will be assigned.



KPI	October 2013 Performance	October 2013 Goal
Properties Disposed from the Landbank	10 properties	TBD



VAP NEIGHBORHOOD REVITALIZATION STUDY

**PRESENTATION FOR THE VAPSTAT FORUM
26 NOVEMBER 2013**

LOUISVILLE METRO GOVERNMENT



MISSION STATEMENT

The mission of the VAP Team is to transform vacant and underutilized real estate into safe and productive places, working across Metro departments to create an ecosystem to support new investment and the redevelopment of blighted properties, including using our powers to acquire and transfer real estate. A spectrum of preventative, maintenance, repair and redevelopment activities will be customized to fit the needs of each property and neighborhood.

BACKGROUND

- Began in late 2012 with the challenge to reduce the number of abandoned properties throughout the city
- Wanted to have a comprehensive and strategic approach:
 - Issued an RFP for consultants to help identify a strategy to address abandonment in the context of neighborhood revitalization
 - Supported by the Innovation Delivery Team/Bloomberg Philanthropies
- Brought on RKG Associates, a national firm which specializes in real estate market research – teamed with expertise in redevelopment & neighborhood planning

WHAT IS CAUSING THE VAP PROBLEM?

- **Long-standing issue that began decades ago**
 - **Socio-economic conditions, planning decisions, freeway construction, suburbanization, neighborhood redlining, etc.**
 - **Highly complex, multi-dimensional problem that will require a long-term response**
- **Recent Factors Exacerbating Neighborhood Decline**
 - **High Mortgage Failure and Foreclosure Rates**
 - **High Incidence of Tax Lien Sales**
 - **Predatory Lending Practices**
 - **Poor Information Flow Between Homeowners, Banks and City**

SOME FACTS AND FIGURES

	West Louisville Neighborhoods	Downtown, East & South Urban N'hoods	Jefferson County Suburbs
1990 Households	24,072	83,152	158,013
2010 Households	21,759	81,533	205,903
1990 Population	66,541	187,204	413,970
2010 Population	55,710	178,949	506,485
% Change in Households 1990 – 2010	-9.6%	-1.9%	30.3%
Median Household Income 1990	\$14,174	\$23,575	\$31,013
2010	\$27,036	\$42,568	\$60,440
% Households Below Poverty Level (2000)	33%	15.8%	7.9%

Data Source: US Census Bureau, ESRI, and RKG Associates

SOME FACTS AND FIGURES

Age of Housing Units: 47.4% of housing units in West Louisville were built prior to 1939 vs. 15.4% for Jefferson County.

% of Housing Units that are Vacant: 19% in West Louisville; <10% in Jefferson County *(Data Source: U.S. Census Bureau & RKG Associates)*

Owner Occupancy: 40% in West Louisville vs. 60.2% in Jefferson County

Assessment and Sales Values

- 69% of single family homes in West Louisville are assessed at less than 40% of the average value in Jefferson County (per SF)
 - Average assessment is \$41,814 vs. \$160,000 - \$168,000 in the rest of the county
- Average sales value in West Louisville are \$46 per SF for single family homes vs. \$82 - \$113 per SF in other areas in Jefferson County

Housing Affordability

- Rental: Almost all units are affordable to households making 120% of AMI; but there is a shortage for those making < 50% of AMI
- Ownership: there is a shortage of homes affordable to households at all AMIs in the urban areas; less so in the suburban neighborhoods.

ASSESSING LOUISVILLE METRO'S RESPONSE



VAP ANNUAL EXPENDITURES

Activity	Average cost per activity*	Baseline # per year	Est. annual costs
Code Inspection	\$34	24,723	\$630,000
Boarding Structure Openings	\$75	1,765	\$136,000**
Mowing & Cleaning Lots of Trash/Debris	\$22 - \$4,775	2,416	\$1.3 million**
Demolition	\$7300 (median)	100	\$815,000
Foreclosure	\$4,000 (est.)	100	\$200,000 (est. \$400,000 once program has fully ramped up)

* 2012 Data from Hansen and Metro Government staff; costs include allowance for staff costs.

** Does not reflect all admin/overhead costs

ANNUAL EXPENDITURES: ~\$3.28 million

ASSESSING METRO'S RESPONSE

- **Metro response addresses code violations and property maintenance**
- **Actions are designed to eliminate blight and reduce the threat of crime**
- **Current interventions not sufficient to address the core problem and reverse neighborhood decline**

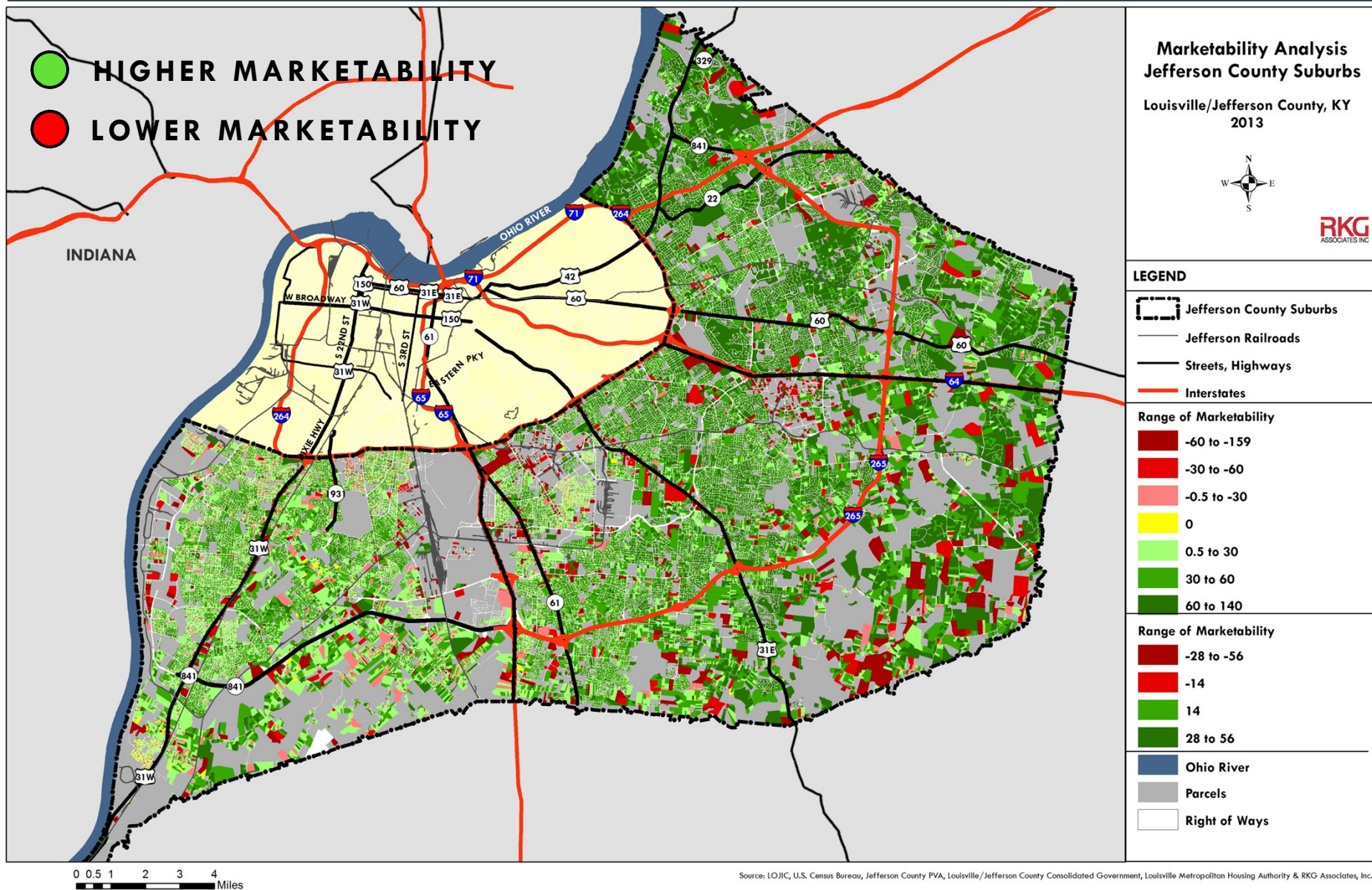
**COMBATING THE
VAP PROBLEM
“TARGETED REVITALIZATION”**



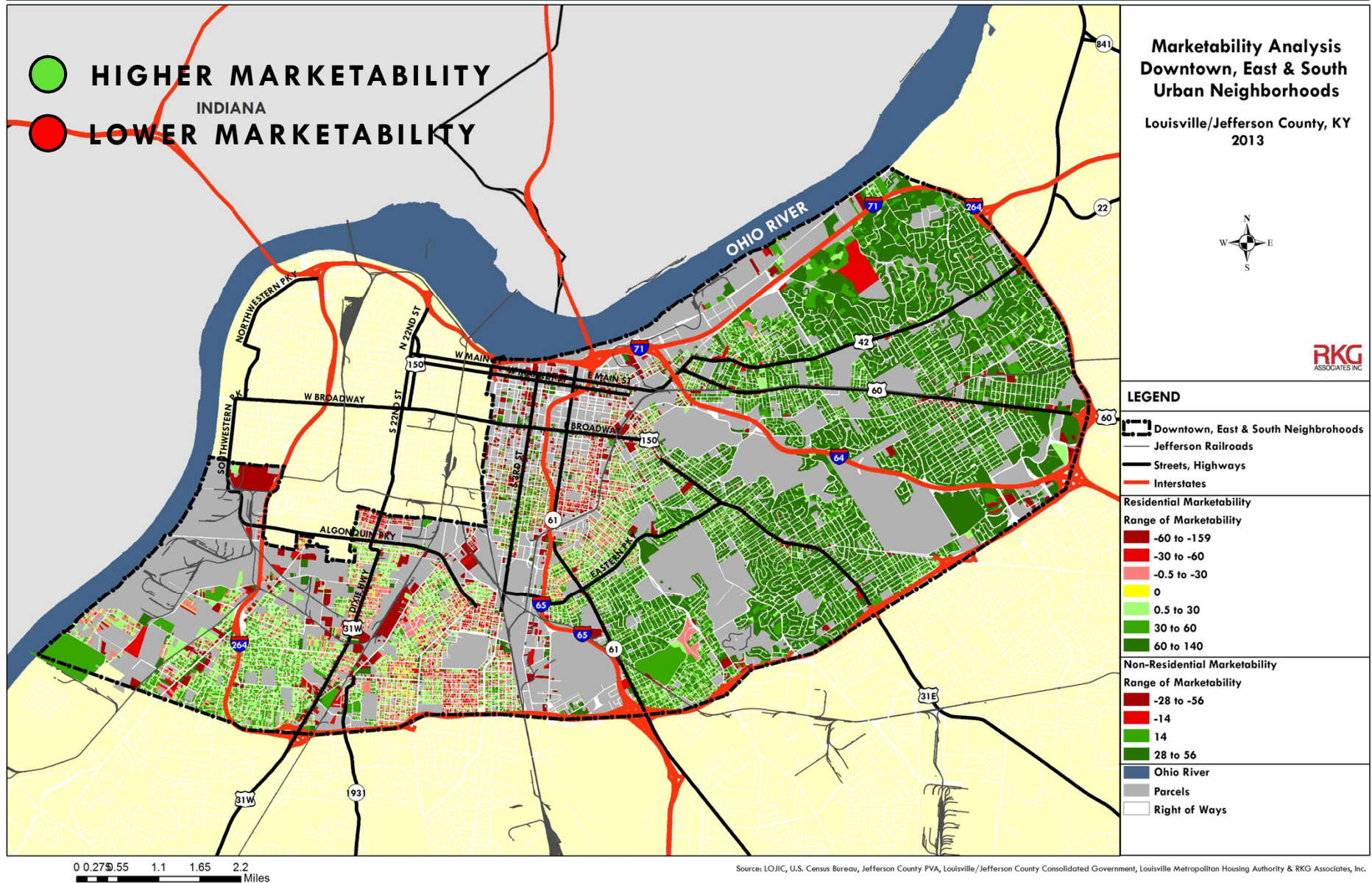
NEIGHBORHOOD MARKETABILITY ANALYSIS

- **RKG created a model to simulate the decision-factors used by developers, investors, homebuyers and renters in determining the most desirable areas to live, invest and build**
- **Purpose: To determine potential areas where future investment by Louisville Metro Government might have the most impact**

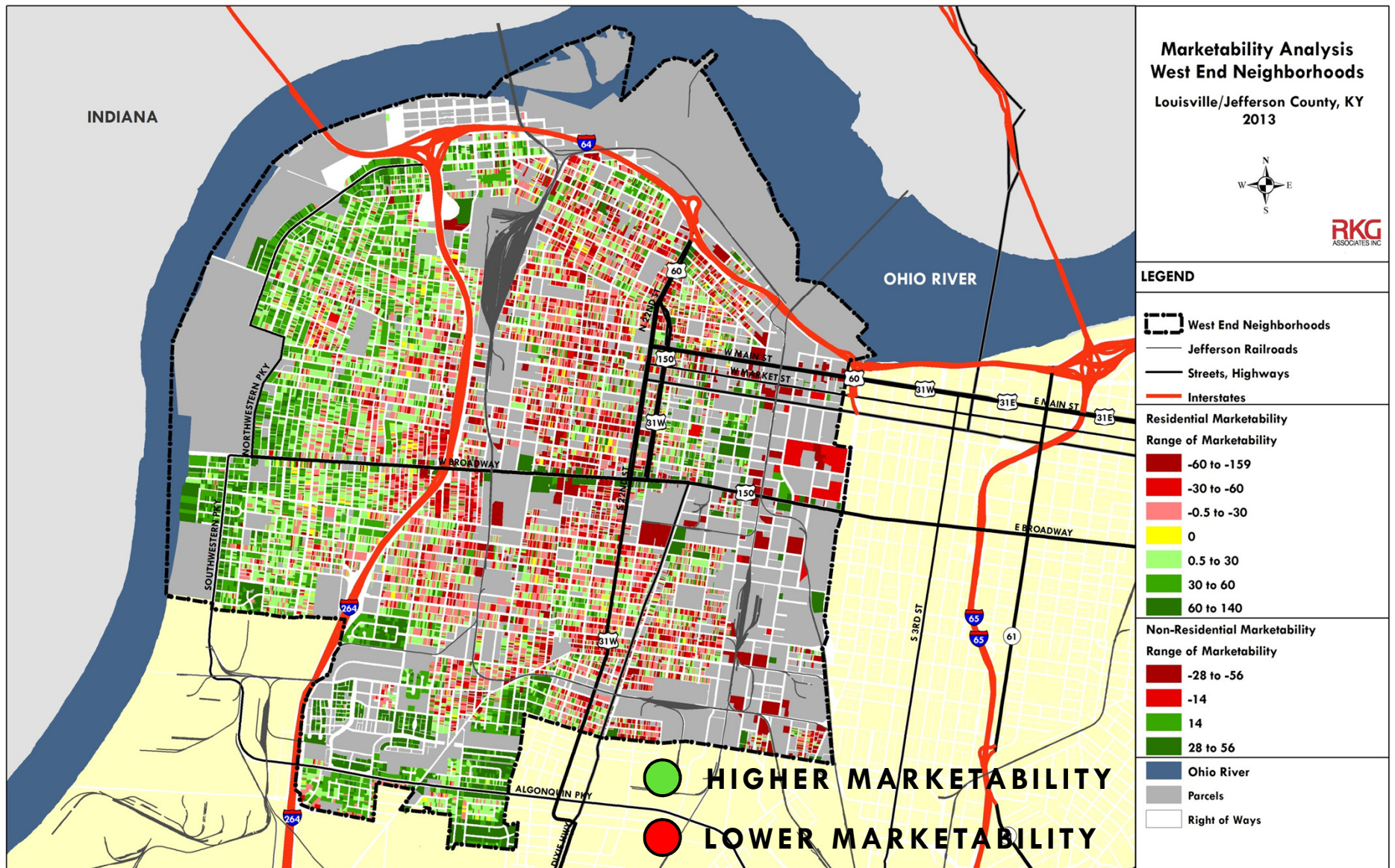
JEFFERSON COUNTY SUBURBS



DOWNTOWN EAST & SOUTH URBAN NEIGHBORHOODS



WEST LOUISVILLE



0 0.1 0.2 0.4 0.6 0.8

Source: LOJIC, U.S. Census Bureau, Jefferson County PVA, Louisville/Jefferson County Consolidated Government, Louisville Metropolitan Housing Authority & RKG Associates, Inc.

DECISION MAKING MATRIX

“TARGETING LIMITED RESOURCES”

Primary Purposes:

- Establishes a structured process for review and assessment of short & long-term projects
- Creates framework for making objective decisions
- Diminishes influence exerted by special interest groups
- Promotes readiness for non-selected areas
- Targets public investment & resources
- Directs neighborhood planning efforts

DECISION MAKING CRITERIA

Neighborhood Project Area Characteristics

- Area has a current revitalization or small area plan
- Proximity to public transit
- Proximity to community facilities, shopping and other institutions
- Concentration of poverty
- Existence of active community organizations with capacity
- Incidence of crime activity

Development Potential Characteristics

- Vacant housing stock potential for rehabilitation
- Availability and control of land resources for development
- Current homeownership rate
- Quality of existing infrastructure
- Compatibility of existing zoning and land uses

Market Characteristics

- Current or proposed public, private or nonprofit sector initiatives
- Project area has the ability to attract development interest
- Dedicated funding available for program activities
- Stability of real estate values within past two years

PUBLIC INVESTMENT STRATEGY

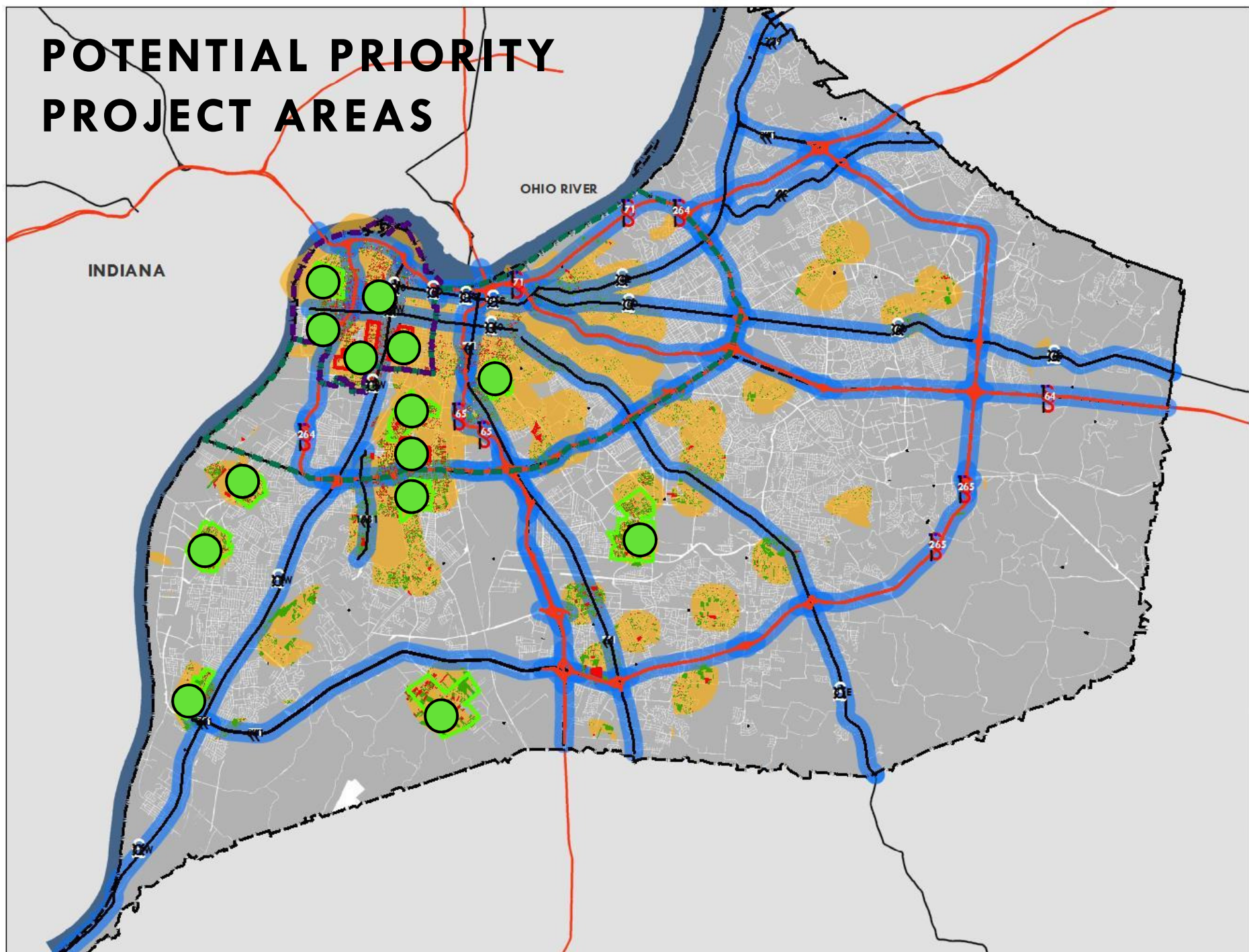
“Transitional” Areas

- **Less public investment risk**
- **Greater opportunity to attract private/nonprofit partners and investment**
- **Greater neighborhood stability**
- **Public intervention and subsidies potentially lower**

“High Need” Areas

- **Highest risk and unstable conditions**
- **Hardest to market properties to new owners/renters**
- **Declining property values**
- **Difficult to attract private dollars and development partners**
- **Does not mean that areas are ignored; customized intervention strategies will be necessary (e.g., acquisition, rehab, or code enforcement)**

POTENTIAL PRIORITY PROJECT AREAS



COSTS AND BENEFITS OF INTERVENTION



BASELINE VS. INTERVENTION SCENARIO

PERFORMANCE METRICS (20-YEARS)

■ Baseline vs. Intervention Scenario Comparison

- **Helps Metro understand the cost, outcomes and return on investment of taking a more aggressive approach (intervention scenario) vs. maintaining existing activity levels (baseline scenario)**
- **Takes into consideration all VAP activities from code inspections to redevelopment and infrastructure provision**

■ Baseline Scenario

- **Continue current activities at same levels**
- **Results in net reduction of 1400 VAP over 20 years**

■ Intervention Scenario

- **Increase instances of all activities**
- **Results in a net reduction of 3000 VAP over 20 years**

BASELINE VS. INTERVENTION SCENARIO

PERFORMANCE METRICS (20-YEARS)

Activity	Baseline Scenario (20 years, cumulative)	Intervention Scenario (20 years, cumulative)
Number of Code Enforcement Inspections	260,466	316,629
Number of Foreclosures	2,000	2,878
Number of Mowings & Cleanings on Vacant Lots	38,519	77,038
Number of Boardings (Vacant Structures)	20,722	13,000
Number of Demolitions	2,000	2,200
Number of Jobs Created	-	572
New Annual Payroll	-	\$378,220,810
New Homes Constructed	100	585
Existing Homes Rehabilitated	380	552

PUBLIC INVESTMENTS (YEARS 1-20)

WEST LOUISVILLE

Baseline Maintenance Scenario	
Public Investment	
Total Administrative/Code Enforcement Costs	\$47,867,738
Total Revitalization Investments (Pay as you go)	\$68,885,036
Total – Public Investment	\$116,752,774
Intervention Scenario	
Public Investment	
Total Administrative/Code Enforcement Costs	\$73,887,179
Total Revitalization Investments (Assumes municipal bonding, reflects amount to be paid back in 20 years)*	\$75,857,915
Total – Public Investment	\$149,745,094
DIFFERENCE IN PUBLIC INVESTMENT FOR TWO SCENARIOS	\$32,992,320

* Does not reflect total payoff amount over life of bond

LOCAL TAX REVENUES (YEARS 1-20)

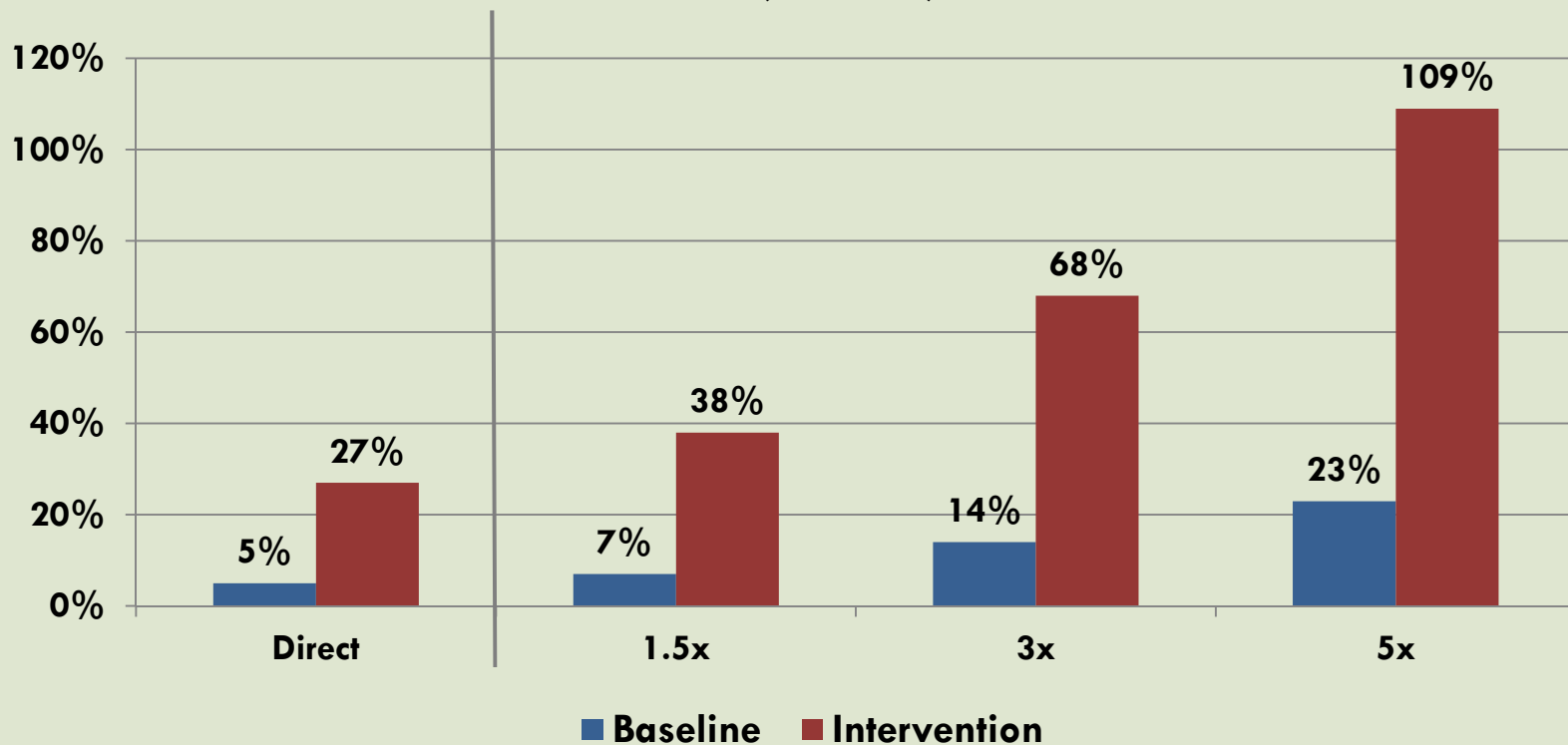
WEST LOUISVILLE

Baseline Maintenance Scenario	
Tax Revenues	
Real Property Tax Base	\$3,932,769
Personal Property Tax Base	\$1,374,080
Occupational Tax Base	-
Total – Tax Revenues	\$5,306,849
Intervention Scenario	
Tax Revenues	
Real Property Tax Base	\$19,621,845
Personal Property Tax Base	\$9,365,131
Occupational Tax Base	\$11,820,749
Total – Tax Revenues	\$40,807,725
DIFFERENCE IN TAX REVENUE FOR TWO SCENARIOS	\$35,500,876

RETURN ON PUBLIC INVESTMENT

PRIVATE LEVERAGE IMPACTS (YEARS 1-20)

Private Leverage Impacts to ROI Baseline vs. Intervention Scenario West Louisville (Year 20)



CUMULATIVE MAINTENANCE COST SAVINGS (YEARS 1-20)

- **Significant cost savings can be achieved with fewer vacant properties requiring Metro maintenance and enforcement activities**
- **Baseline Scenario (20 year projection)**
 - Net reduction of 1400 properties
 - \$9.4 million in reduced property maintenance costs
- **Intervention Scenario (20 year projection)**
 - Net reduction of 3000 properties
 - \$38 million in reduced property maintenance costs

CONCLUSIONS FROM ROI

- **Municipal bonding or some other type of up-front influx of revenue is needed – will be very difficult to “pay as you go”**
- **The city cannot solve this problem on its own – partnerships and private investment are vital**
- **A more aggressive strategy will be more likely to leverage private investment and also will result in significant reductions in property maintenance expenditures over time**

KEY RECOMMENDATIONS



RECOMMENDATIONS OVERVIEW

- **Organizational Structure and Administrative Action**
 - Ramp up to a fully staffed entity with a clearly defined leadership role
 - Combine the powers of the Landbank Authority, Urban Renewal Commission and Vacant Property Review Committee via MOA or full merger (LouisvilleNOW)
- **Comprehensive Neighborhood Revitalization, Planning, Capacity Building**
 - Take necessary action to control land, financial resources and target investment areas using a decision-making matrix
 - Capacity building is a central component
- **Legislative Initiatives**
 - Change state legislation to enhance the powers of the Landbank Authority
 - Pass a foreclosure registration ordinance
- **Housing Rehab, Construction, Demolition, Catalyst Projects**
 - Establish rehabilitation and design standards and take a structured approach towards soliciting and qualifying key housing development partners
- **Funding**
 - Local funding commitment is necessary to accomplish the objectives laid out in the study

NEXT STEPS



NEXT STEPS

- **Create a dedicated funding source for VAP using net proceeds from Metro's new lien collection program (begin FY15). Funding source will be allocated to:**
 - **Property acquisition (e.g., foreclosure, Spot Condemnation): 20%**
 - **Property maintenance (increase mowing/cleaning/boarding): 25%**
 - **Redevelopment (e.g., housing construction or rehab): 30%**
 - **Demolition: 25%**
- **Will supplement existing funding sources:**
 - **National Mortgage Settlement Funds**
 - **Neighborhood Stabilization Program (NSP) Funds**
 - **Community Development Block Grant (CDBG) Funds**
 - **HOME Funds**
 - **General Funds**

NEXT STEPS

- **Develop a legislative package for the 2014 General Assembly:**
 - **Rewrite Landbank Authority statute**
 - **Reduce right of redemption period**
 - **Make it easier and cheaper for the City to pursue Spot Condemnation of blighted properties**
 - **Restrict the sale of delinquent property taxes on vacant, abandoned, blighted or otherwise distressed properties**

NEXT STEPS

■ Green demolition on Shagbark Road

- City will issue RFP to demolish and divert as much of the material from the landfill as possible
- Will support the City's on-going investment in the Richmond Terraces subdivision, including developing affordable housing and land acquisition.

■ Support homeownership through home repair grants and down payment assistance programs

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■ Form an advisory committee to focus on implementation of other recommendations from the VAP Neighborhood Revitalization Study.

- Committee will have participation that represents non- and for-profit developers; neighborhood and faith-based groups; and the banking, investment and entrepreneurial community.

NEXT STEPS

- **Focus on the data – develop a methodology to drive VAP activities, including:**
 - Targeting neighborhoods for reinvestment
 - Identifying the right path for abandoned properties based on factors such as property maintenance history, incidence of crime, proximity to schools, location in target areas, etc.
- **Support reuse of vacant properties**
 - Vacant lot redevelopment competition
 - Develop standard policies and procedures for the Landbank Authority to sell real estate inventory and accept property donations
 - Active marketing of Metro-owned properties

Audience Questions from Comment Cards



Mayor's Closing Remarks



Vacant and Abandoned Properties Opportunities for Citizen Involvement

Louisville Metro Government is involved in a number of initiatives to address Vacant and Abandoned Properties in our community. Louisville residents can also assist by participating in one of the ways below.

EXPLORE THE NEW VAPSTAT WEBSITE

Visit vapstat.louisvilleky.gov. VAPStat is short for Vacant and Abandoned Properties Statistics.

SPREAD THE WORD ABOUT FORECLOSURE PREVENTION

Help families who are struggling to make their mortgage payments stay in their homes. Refer them to Protect My Kentucky Home at (866) 830-7868 or visit www.ProtectMyKYHome.org.

ORGANIZE A NEIGHBORHOOD CLEAN-UP / "ADOPT A PROPERTY"

Call [MetroCall at 311](tel:311). Brightside and Codes & Regulations may be able to assist with supplies and services.

PARTICIPATE IN THE 3RD ANNUAL BLIGHT OUT - BRIGHTEN UP EVENT IN 2014

Volunteers are recruited to paint plywood boards to enhance the boarding of vacant structures.

Call [Codes & Regulations at 574-3364](tel:5743364) or e-mail Audrey.Knigge@louisvilleky.gov.

REPORT DUMPING, VACANCIES OR IF YOU SEE SOMEONE REMOVING PARTS FROM A BOARDED VACANT STRUCTURE

Call [MetroCall at 311](tel:311).

CHECK CODES & REGULATIONS WEBSITE FOR VACANT STRUCTURES AND PROPERTY MAINTENANCE ENFORCEMENT INFORMATION

Visit www.louisvilleky.gov/IPL/PropertyMaintenance

LEARN ABOUT AFFORDABLE HOUSING DEVELOPMENT, HOME REPAIR AND OTHER REVITALIZATION EFFORTS FROM COMMUNITY SERVICES AND REVITALIZATION

Visit www.louisvilleky.gov/csr

PURCHASE PROPERTY OR A SIDE LOT FROM THE LANDBANK AUTHORITY

Call (502) 574-4016 or view property list at www.louisvilleky.gov/CSR/Revitalization/Landbank+Authority+Inc

STAY APPRISED OF THE CITY'S EFFORTS TO REDUCE VACANT AND ABANDONED PROPERTIES

Starting April 29, 2013, several VAPStat public forums have been held to provide the public the chance to see and to track how Louisville Metro is dealing with these properties. Visit vapstat.louisvilleky.gov for VAPStat reports and meeting dates.



Evaluation Form

- What describes you best? Circle one:

Concerned Citizen

Metro Employee

Private Business

Non-profit Representative

- On a scale 1-5, how useful was this meeting to you? (1= least useful and 5= most useful)

1

2

3

4

5

- What's working?
- What's not working?
- What would you like to see discussed in future forums?

Appendix

Background

Background: With more than 5,000 reported vacant properties (1,100 of which are listed as abandoned) in 2012. Louisville, like much of the country, has struggled to make a significant impact against the problem of vacant and abandoned properties. Despite on-going efforts to address the problem at all levels, there is a growing sense that the magnitude of the problem demands a more comprehensive and coordinated response from all parties to have a substantial and lasting impact.

➤ **Strategic Goal:** Mayor Fischer and his administration have set a strategic goal of a 40% reduction of abandoned properties within three years and 67% reduction within five years, as measured against the 2011 baseline of 1,260 abandoned properties. This means a reduction of 504 properties by July 2015 and 844 properties by July 2017.

During VAPSTAT, short for Vacant and Abandoned Properties Statistics, the Mayor and City leaders from across multiple departments and agencies will use data and metrics to assess Metro Government's performance in tackling the complex problems associated with the city's many vacant properties.

VAPSTAT will analyze progress against key vacant and abandoned property metrics like the number of Code Enforcement Service Requests, Foreclosures, Demolitions, and the amount of Liens Collected. With this information, the Mayor and his senior management team will track trend data to assess the impact of current initiatives and identify new tactics or operational changes that must be made to ensure we reach our goals and ultimately eradicate vacant and abandoned properties from our community.



Intent and Scope

In addition to meeting our strategic goal, the VAPSTAT forum will help Louisville Metro Government better:

- **Understand** the magnitude of the problem by agreeing upon a standard definition of vacant and abandoned properties and the starting number (baseline) we must address
- **Coordinate** our efforts across departments, agencies, and external partners
- **Track and improve** performance against the standard definition, baseline, and best-in-class benchmarks
- **Engage** the community and be transparent

Scope: VAPSTAT focuses on what Louisville Metro Government is doing to solve the cross-departmental, community-wide issue of vacant and abandoned properties. VAPSTAT does not focus on individual department performance tracked in LouieStat, nor does it discuss complaints about specific locations in depth.

VAP Strategic Goal

- 40% reduction of abandoned properties within three years and 67% reduction within five years, as measured against the 2011 baseline of 1,260 abandoned properties.
 - Reduction of 504 properties by July 2015
 - Reduction of 844 properties by July 2017
- This goal will be achieved through a new program to change ownership of abandoned properties through foreclosure, as well as a 22% increase in demolitions annually from the previous four-year average.
- Additional effort will also be placed on abandonment prevention and increasing owner compliance with property maintenance code violations.

Progress to date:

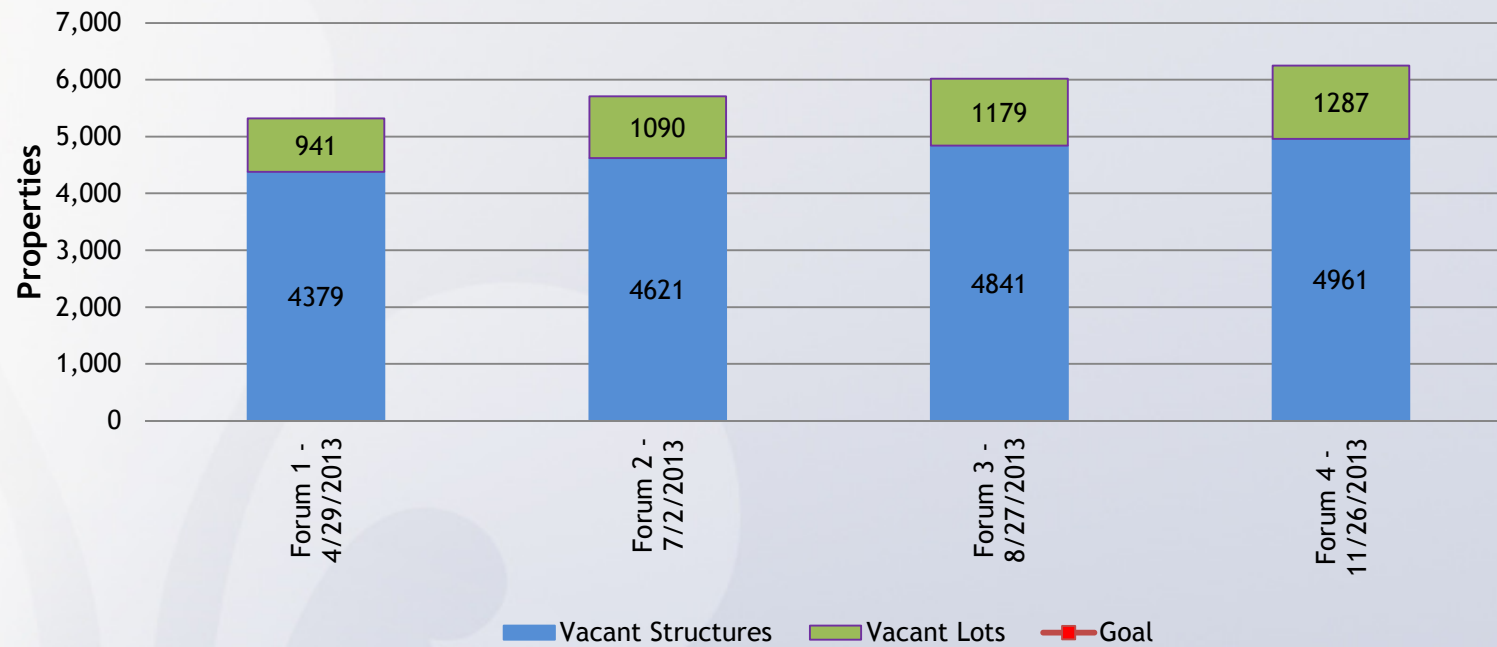
- 101 blighted structures demolished
- 127 foreclosures initiated (first properties anticipated to be sold at auction in the next quarter)

Key Definitions

Vacant Property	Any structure not occupied or being used for legal purposes or lot free from activity, work, or development.
Abandoned Property	Any property that has been vacant or unimproved for at least the 12 months and, due to failure of the property owner to maintain the property, required Metro to either cut the grass/weeds, clean the lot, board the structure, or demolish the structure within the same period.

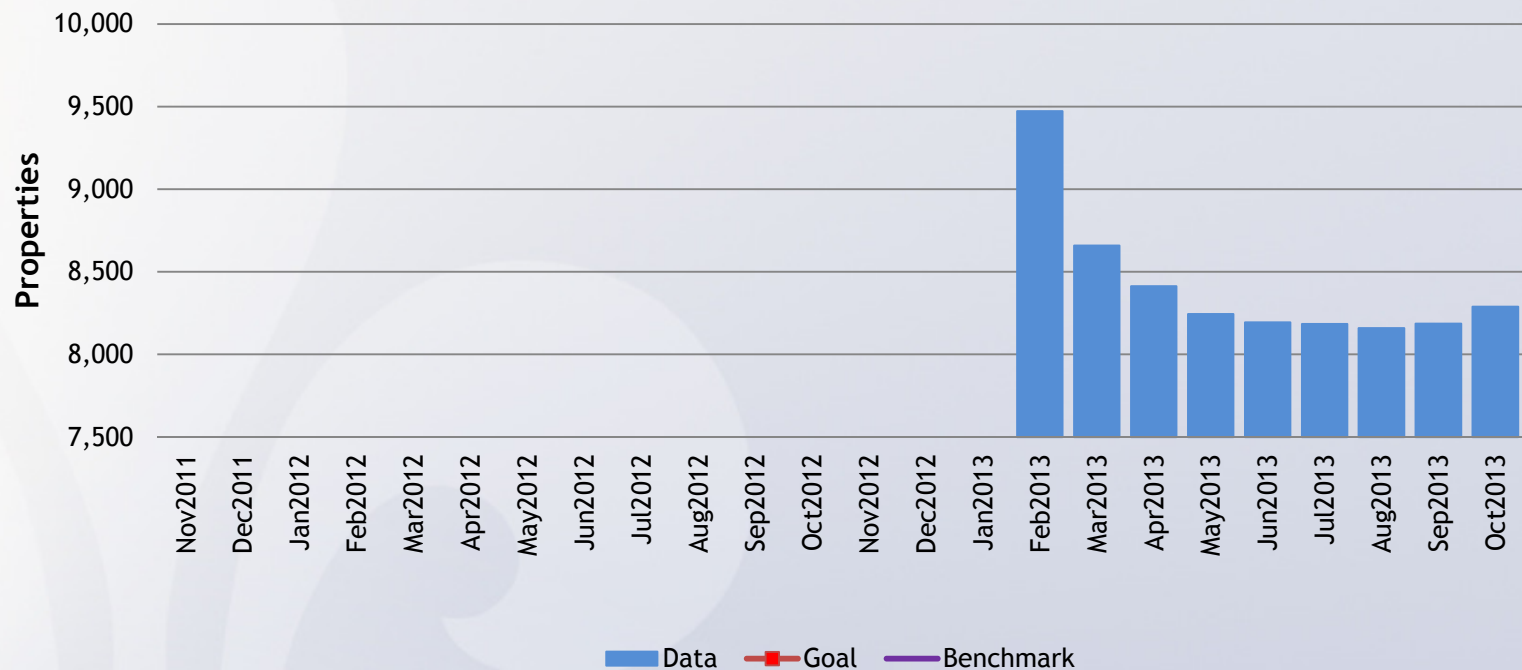
KPI: Vacant Properties

Vacant Properties



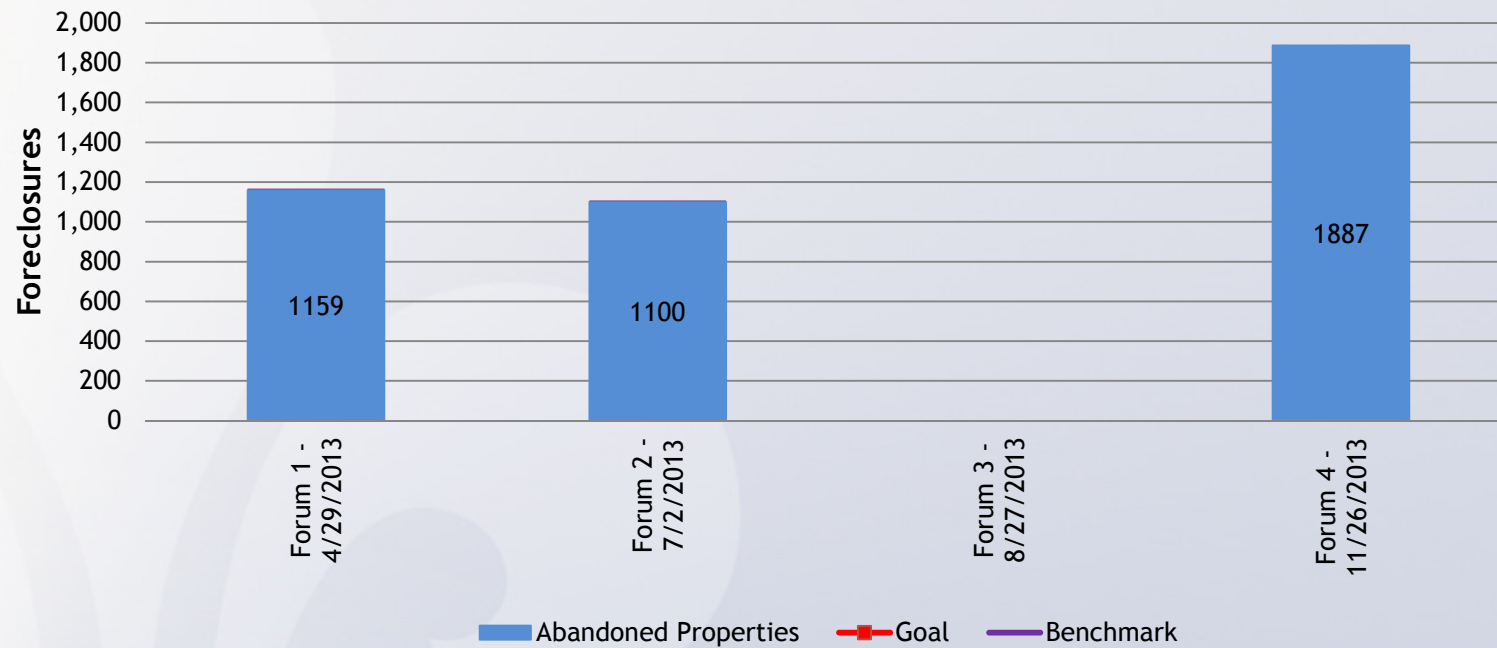
KPI: Properties with Inactive Water Service

Properties with Inactive Water Service for 3 or More Months



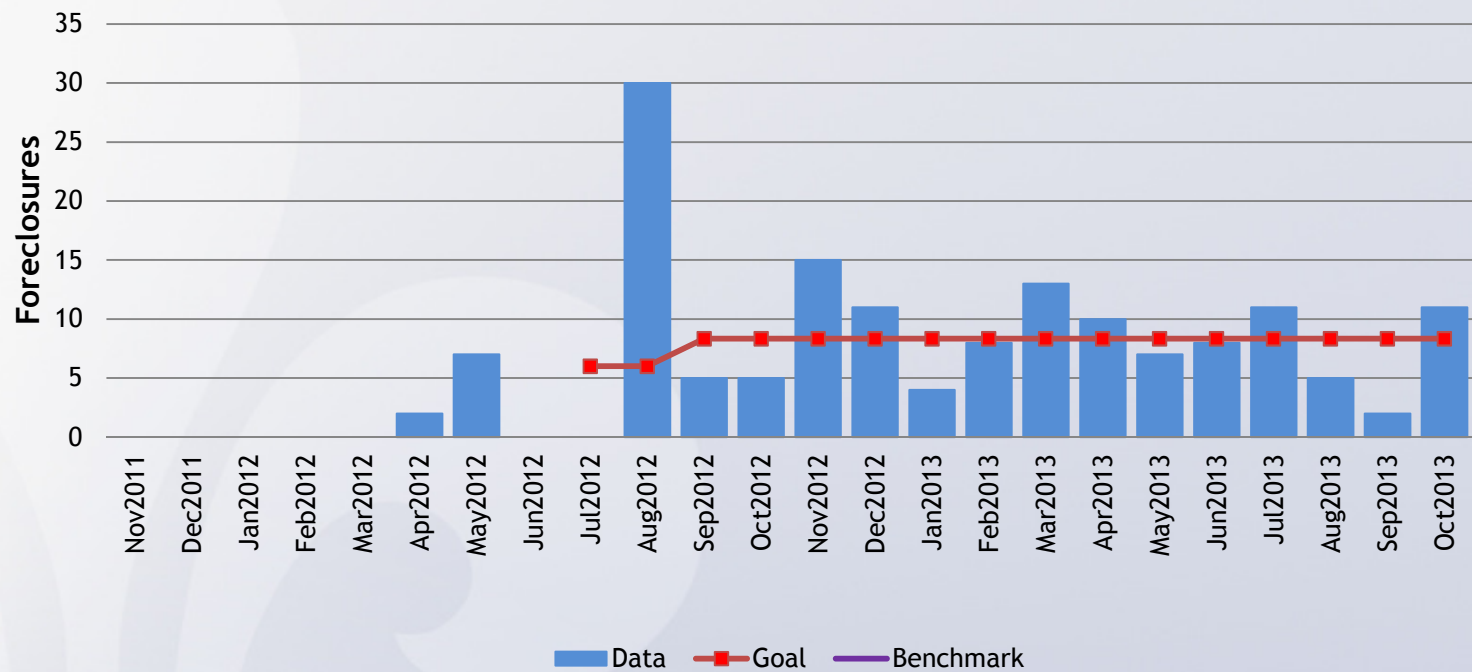
KPI: Abandoned Properties

Abandoned Properties



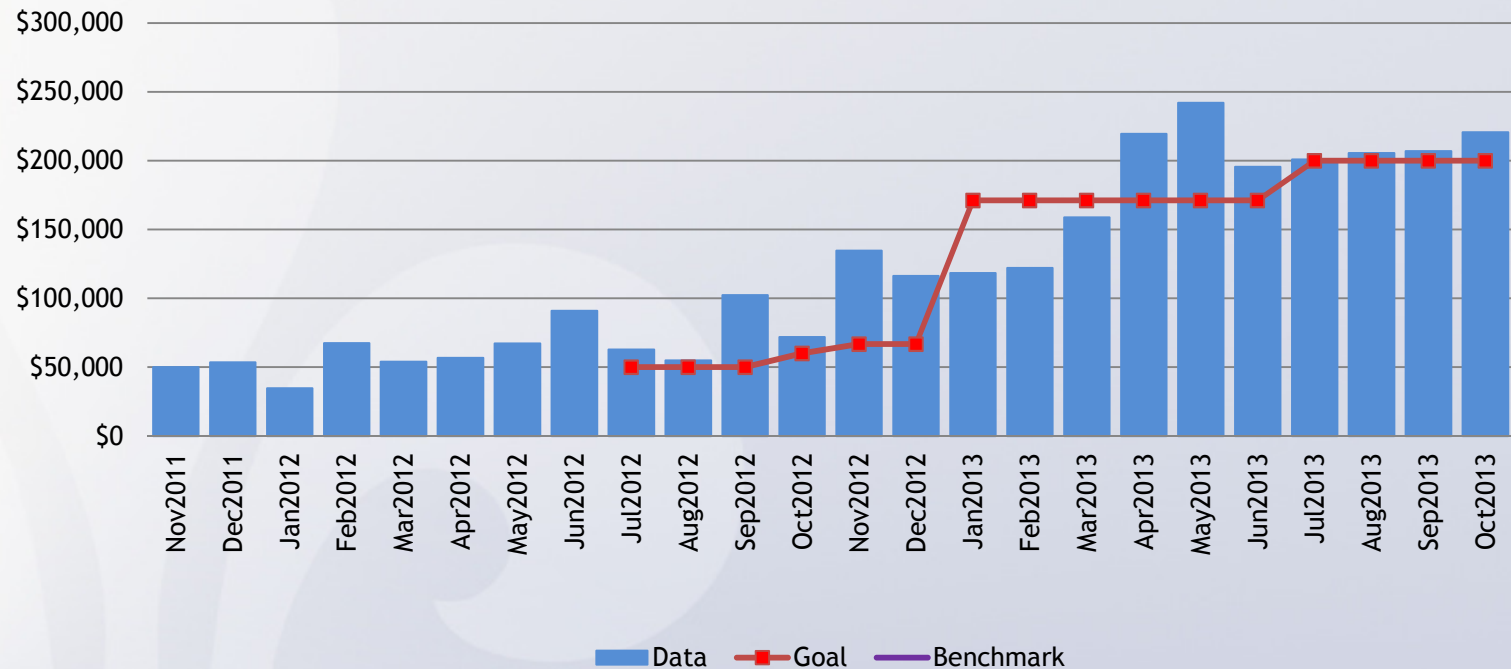
KPI: Metro Foreclosures

Foreclosures Initiated



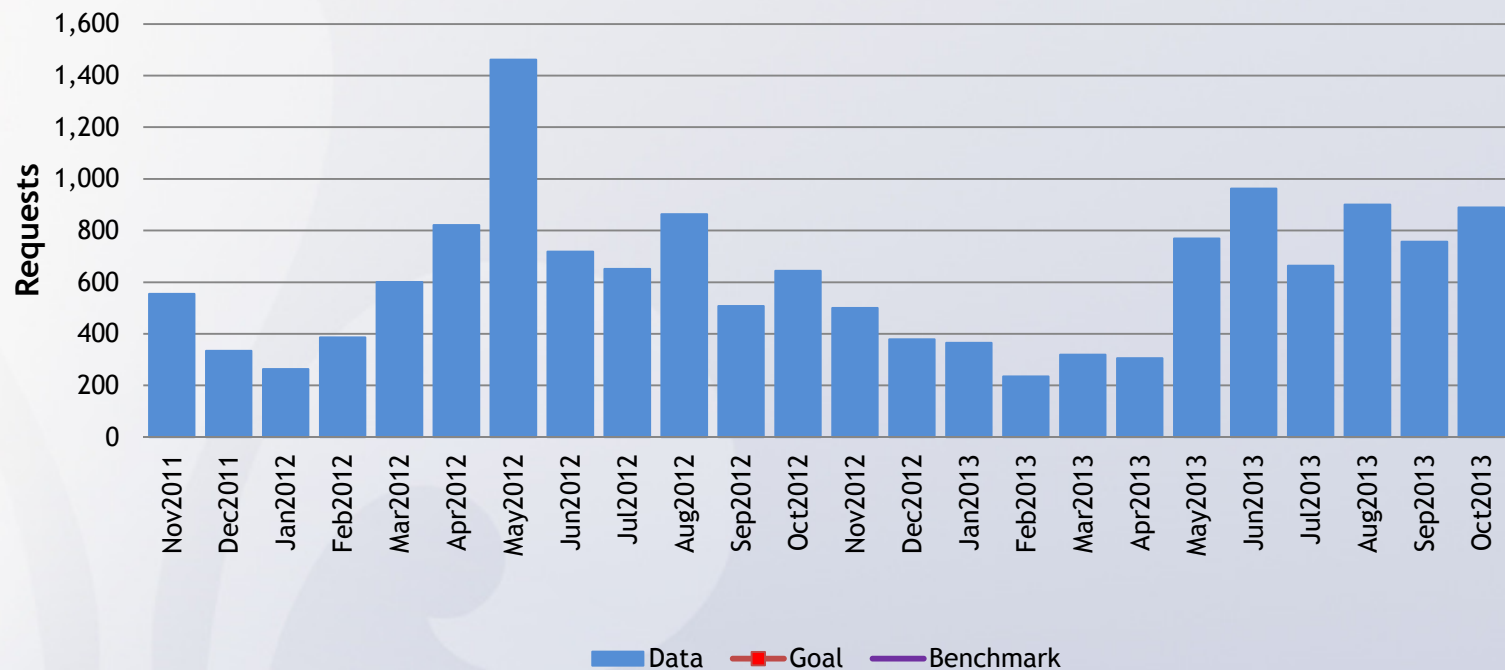
KPI: Payment/Collections from Fines, Abatement Costs & Liens

Payment/Collection from Fines, Abatement Cost & Liens



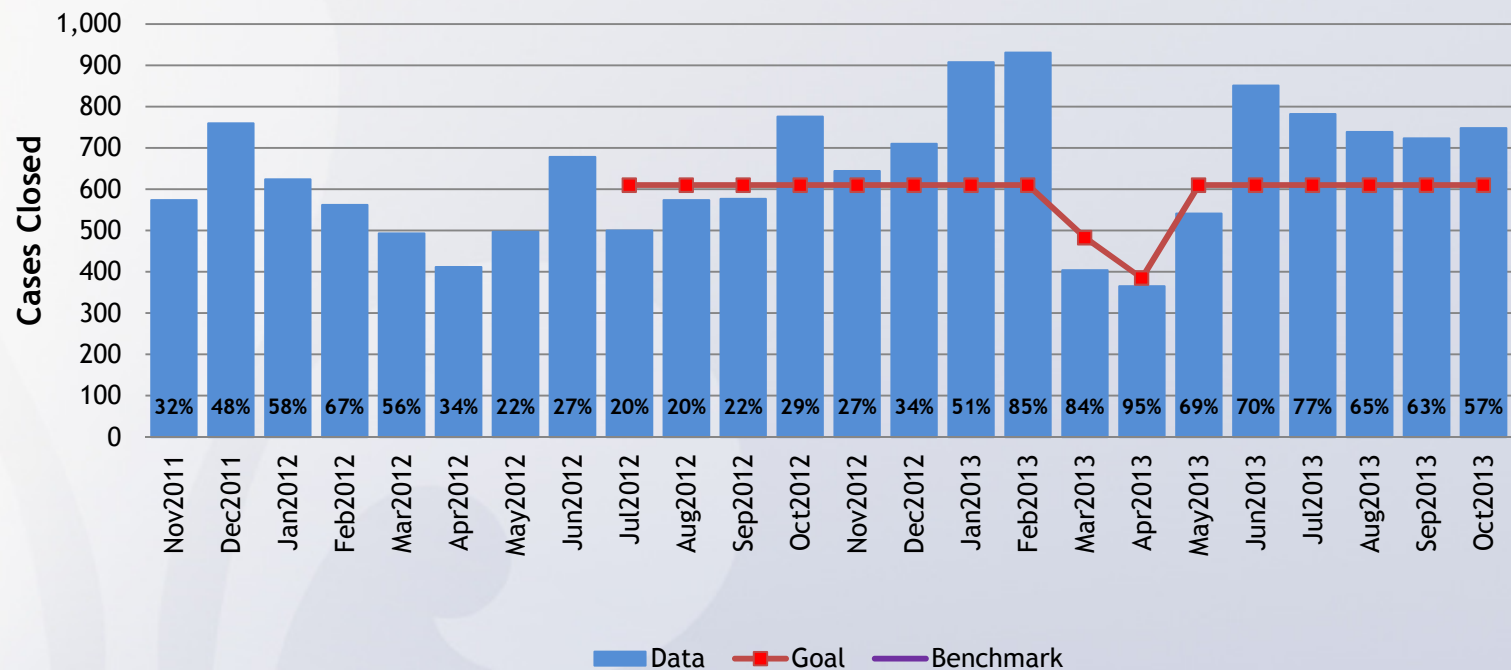
KPI: Boarding & Cleaning Requests Received

Boarding & Cleaning Requests Received



KPI: Boarding & Cleaning Cases Resolved

Boarding & Cleaning Cases Resolved



KPI: Boarding & Cleaning Monthly Backlog

Boarding & Cleaning Monthly Backlog

